

CITY OF TIGARD, OREGON

RESOLUTION NO. 02- 03

A RESOLUTION - APPROVING THE CITY'S UPDATED INVESTMENT POLICY

WHEREAS, ORS 294.035 requires investment officers to obtain a written order from the governing body of a municipality before investing surplus funds, and,

WHEREAS, the current investment policy was adopted by resolution 89-59 on July 24, 1989 and was amended by resolution 94-53 dated November 29, 1994 and resolution 98-71 dated December 15, 1998, and,

WHEREAS, the Finance Director and investment officer desire to update the investment policy to allow for purchase of investments with maturities ranging from 18 months up to 36 months so as to earn the City higher interest rates and therefore additional investment income, and

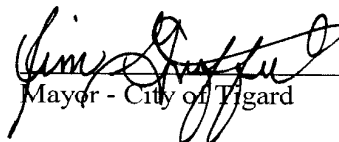
WHEREAS, the City Council desires to update the investment policy upon the recommendation of the Finance Director.

NOW, THEREFORE, BE IT RESOLVED by the Tigard City Council that:

SECTION 1: The investment policy is amended as indicated on the attached Exhibit A.

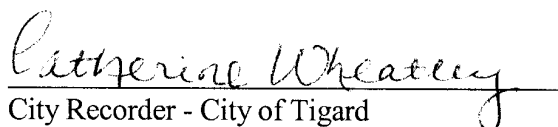
EFFECTIVE DATE: This resolution takes effect upon passage.

PASSED: This 8th day of January, 2002.



Mayor - City of Tigard

ATTEST:



City Recorder - City of Tigard

RESOLUTION NO. 02- 03

"EXHIBIT A"

CITY OF TIGARD INVESTMENT POLICY

The following Investment Policies are intended to meet the requirements of ORS 294.035 and to provide the framework within which City of Tigard funds may be invested.

Authority

The Finance Director shall serve as the Investment officer of the City. The investment officer is responsible to ensure that funds are invested so as to make necessary cash available to meet current obligations and to invest excess cash in accordance with ORS 294.035 through ORS 294.047 and these Investment Policies.

The Finance Director may assign the delegation of authority to persons responsible for investment transaction. This person would then act as Investment Officer with prior approval of the City Manager.

Scope

These investment policies apply to all excess cash related to all activities and funds under the direction of the Tigard City Council including water funds on behalf of Durham, King City, and Tigard Water District. Cash accumulations related to bond proceeds or short-term borrowing is included unless more restrictive state or federal regulations are applicable.

Excess cash shall be defined as all liquid assets not necessary to meet current obligations.

Deferred Compensation

Deferred compensation funds are placed with a third party for investment and are therefore excluded from the restrictions set forth in these guidelines.

Objectives

The objectives of these policies are to provide for the preservation of City assets, the availability of such assets to meet obligations as they come due, and to provide for a reasonable rate of return on those assets, in that order.

Prudent Investor

Investments shall be made under the prudent investors rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Internal Controls

The investment officer shall maintain a system of written internal controls, which will be reviewed annually by the independent auditor.

Cash Flow Analysis

The investment officer shall maintain a historical cash flow record and a cash flow projection, which extends twelve months into the future. The projection shall be reviewed and updated on a regular basis. No fixed maturity securities shall be purchased unless the cash flow projection indicates that the funds invested will not be required until the maturity date of the investment.

Bond Proceeds

Surplus funds resulting from debt issuance shall be considered as a separate portfolio and shall not be restricted by the maturity and instrument diversification section of these policies. Such funds may be invested for periods exceeding 18 months and up to 60 months. Such maturities shall coincide with the projected cash flow needs resulting from the projected construction schedule.

Diversification

The investment officer will diversify the general portfolio to avoid unreasonable risks within the following parameters:

- **Maturity Diversification**

Investment maturities shall be scheduled to coincide with projected cash flow needs. Thirty percent of the portfolio will mature in less than 90 days. No investments will be made for a period to exceed 18 months unless:

This investment policy has been submitted to the OSTF Board for comment prior to being approved by Council and complies with the requirements of ORS 294.135. In this case, the maximum maturity shall be defined in policy.

The funds are being accumulated for a specific purpose, including future construction projects, and upon approval of the Council, the maximum maturity date matches the anticipated use of the funds (ORS 294.135(1)(b)).

If this investment policy has been submitted for review by the OSTF Board as specified above and in accordance with ORS 294.135(1)(a), debt service reserves may be invested to mature (not longer than five years or appropriate date). Otherwise debt service reserves shall not be invested to a maturity date exceeding one year as specified under ORS 294.135(3).

The Investment Officer may make investments having maturity longer than 18 months but not more than 36 months, with the exception of Bond Proceeds. The City's investment portfolio shall not contain more than 20% (of the total dollar value) of its investments with maturities between 18 months and 36 months.

- Instrument Diversification

Certificates of Deposit	25% maximum
Corporate Indebtedness	35% maximum
Bankers Acceptance	50% maximum
Treasury/Agency Securities	90 % maximum
Local Government	
Investment Pool	100% maximum
Demand Deposits	10% maximum
Lawfully issued Debt	
Obligations of the	
States of Oregon,	
Washington, Idaho	
and California and political	
subdivisions of those states.	25% maximum

- Institution Diversification

Bank liabilities with any one qualified financial institution shall not exceed 20 percent of the portfolio. Bank liabilities of any one qualified financial institution shall not exceed one percent of the institution's total assets. Investment in Corporate Indebtedness shall not exceed 5 percent of the portfolio in any one Oregon corporate entity meeting the rating requirements of P-2/A-2 or better, or 5 percent of the portfolio in any one corporate entity outside the State of Oregon (ORS 294.035 section C).

For purposes of these guidelines, the state local government investment pool (LGIP) shall be considered to have a one-day liquidity.

Selection of Investment Instruments

Investments shall be made by the investment officer through the exercise of his/her judgment after requesting quotes from financial institutions. Selections will be made so as to provide the highest rate of return within the parameters of these policies.

Qualified Institutions

The investment officer shall maintain a list of all authorized institutions, which are approved for investment purposes. The investment officer will request, analyze, and keep on file, periodic financial statements and related information to satisfy himself/herself as to the creditworthiness of each institution on the approved list.

Reporting

The investment officer shall prepare an investment activity report at the end of each month for review by the City Manager.

Amendments

These investment policies may be amended at the request of the investment officer, the City Manager, or members of City Council. Such amendments shall be approved by the City Council in the same manner as the investment policies.

Authorized Investment Instruments

The investment officer shall invest the money of the City only in qualifying investments according to guidelines in ORS 294.035. These investments include:

- Demand deposits with approved institutions.
- Deposits in the Oregon Local Government Investment Pool.
- Certificates of Deposit with Oregon banks.
- Banker's acceptances.
- Qualifying corporate indebtedness not to exceed 5% of the portfolio on any one corporation.
- Lawfully issued debt obligations of the United States and obligation guaranteed by the United States, the agencies of the United States or enterprises sponsored by the United States government, not to exceed 40% of the portfolio on any one government sponsored enterprise.
- Lawfully issued debt obligations of the States of Oregon, Washington, Idaho and California and political subdivisions of those states.

Safekeeping

A third-party custodian as evidenced by safekeeping receipts will hold securities (excluding bank deposits and CDs).

Other Policy Considerations

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.